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# AICPA *Washington Report*

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## COMPTROLLER OF THE CURRENCY

Rules, policies, and procedures for corporate activities: employee stock option and stock purchase plans, are the subject of a notice of proposed rulemaking by the Office of the Comptroller of the Currency (OCC), (see the 9/9/83 Fed. Reg. pp. 40735-36). The purpose of the proposal, according to OCC, is to reduce costs and burdens on national banks and OCC by eliminating the requirement for OCC approval of employee stock option and stock purchase plans. Comments must be submitted on or before 10/11/83. For further information contact Randall J. Miller at 202/447-1184.

## PENSION BENEFIT GUARANTY CORPORATION

The PBGC experienced a \$132 million net loss in operations for its single employer and multiemployer plan programs during fiscal 1982, primarily as a result of large losses on terminated plans and plans pending termination, according to the agency's 1982 annual report. The \$132 million loss included a \$144 million loss for the single employer program and a \$12 million gain in the multi-employer program. Single employer plan terminations increased for the second consecutive year, with over 6,000 termination notices received, an increase of about 1,000 over fiscal 1981. PBGC renewed its request for an increase in the single employer plan insurance premium from \$2.60 to \$6.00 a participant. PBGC's investment and other income increased significantly in fiscal 1982 to \$101.6 million, up from a loss of \$5.5 million in fiscal 1981. Premium income, including penalties and interest, increased by \$5.7 million during 1982, primarily because of new plans added. Benefit payments during 1982 increased by \$37.5 million to a total of \$98.6 million as a result of an accelerating rate of recent large pension plan terminations. Copies of the report may be obtained free of charge from Peter Kirsch, PBGC Communications and Public Affairs Dept., 2020 K St., N.W., Washington, D.C., 20006.

## SECURITIES AND EXCHANGE COMMISSION

Rules which implement the exempt credit provisions of Regulation U under the Securities Exchange Act of 1934 have been rescinded by the SEC. Further, the Commission is adopting a single definitional rule, Rule 3b-8, under the Act which defines certain terms necessary to the proper functioning of the exempt credit provisions administered by the FRB. The final rule will be effective 9/1/83. For additional information contact William Uchimoto at 202/272-2409.

An agenda of its open and anticipated rulemaking actions has been published by the Commission. The agenda is intended to provide advance notice of rulemaking actions which may have a significant economic impact on a substantial number of small entities. The Commission is also publishing a list of rule reviews anticipated to be completed during the next twelve months. Among the current and anticipated rulemaking actions are entries dealing with possible accounting rules and research studies regarding off-balance sheet obligations, segment reporting and quarterly financial reporting. Other entries cover management remuneration, Rule 144 amendments, tender offers, and exemptions from Section 16(b) of the Securities Exchange Act. The Commission did not specify any order of priority or time frame for consideration of the rules. Public comment is sought on particular open or anticipated rulemaking actions identified in Part I of the agenda and on the identified rules scheduled for review. Comments are requested by 12/31/83. For additional information contact Joseph Meiburger at 202/272-7110.

The coordination of securities regulation will be the subject of a 9/12/83 public hearing to "explore issues relating to coordination of the overlapping and sometimes contradictory securities regulations that exist among the states and the federal government", according to an SEC news release on 9/8/83. The SEC and the North American Securities Administrators Association (NASAA) will hold joint public hearings to focus on "reducing unnecessary burdens to capital formation through increased cooperation among state and federal regulatory authorities". Possible topics may include development of more uniform procedures for registration of securities; development of a uniform limited offering exemption from registration for offerings of securities, and development of uniform forms, procedures and requirements for registration of securities professionals. Witnesses will include Frank Swain, Chief Counsel for Advocacy, U.S. Small Business Administration. The hearing will begin at 10:00 a.m. in Room 1C-30 at SEC headquarters, 450 Fifth Street, N.W., Washington, D.C.

TREASURY, DEPARTMENT OF

Regulations relating to disclosures of returns and return information to officers and employees of the Department of Labor and the Pension Benefit Guaranty Corporation for administering titles I and IV of the ERISA of 1974 have been adopted by the IRS (see the 9/7/83 Fed. Reg., pp. 40376-7). These regulations affect disclosures of returns and return information under section 6103(1) (2) of the Code. The amendments are effective for disclosures of returns and return information made after 9/7/83. For additional information contact Mitchell H. Rapaport at 202/566-3288.

A revision of proposed regulations relating to sanctions on issuers and holders of registration-required obligations not in registered form have been issued for comment by the IRS. The revised rules are concerned with the imposition of sanctions on persons holding registration-required obligations in bearer form. The proposal seeks to remove Sec. 5f. 163-1(c) of the temporary regulations, which will remain in effect until the final regulations are issued. Comments are requested by 11/1/83. For additional information contact Carol T. Doran at 202/566-3289.

Internal Revenue Service (IRS) proposals to allow the filing of income tax returns in machine-readable form, originally announced in the 3/19/83 Fed. Reg. pp. 13131-35, are the subject of an extended public comment period. According to the IRS, over 10 million individual returns were prepared by computers in 1982. As these were sent in as paper documents, each was converted into machine language for processing by the IRS computer system. A substantial reduction in IRS processing costs could be eliminated if the information on computer-prepared returns was converted to machine language without transcription. The IRS proposal involves two methods under which returns would be filed -- either on magnetic media or standardized paper documents readable by optical scanner machines. The IRS also emphasized that there will be no immediate change in filing procedures and it is not anticipated that changes would be implemented before tax year 1984. In deciding whether to implement either of both of these methods, the IRS is inviting comments from taxpayers and return preparers. Comments will be accepted until 9/30/83, and should indicate a preferred method, the number of returns a preparer would be expected to file, the time needed for implementation and any benefits to the preparer or taxpayer.

Time for filing of gift tax returns and the payment of gift taxes, is the subject of final regulations issued by the Internal Revenue Service (see the 9/7/83 Fed. Reg. pp. 40371-76). These regulations are effective for gifts made after 12/31/81 and will, according to IRS, provide the public with the guidance needed to comply with the changes in the tax law made by the Economic Recovery Tax Act of 1981. Parts of these final regulations deal with imposition of tax, rate of tax, exclusions from gifts, and gifts by husband or wife to third party. For further information contact David Haglund at 202/566-3459.

Credit for expenses for household and dependent care service necessary for gainful employment, is the subject of an Internal Revenue Service (IRS) notice of proposed rulemaking (see the 9/8/83 Fed. Reg. pp. 40528-30). These proposed regulations reflect the modification to section 44A made by the Economic Recovery Tax Act of 1981, which increases the credit from 20% of the employment-related expenses paid by a taxpayer in order to be gainfully employed, to 30% of the employment-related expenses for a taxpayer whose adjusted gross income is \$10,000 or less, phasing down to 20% where the adjusted gross income is above \$28,000. The credit rate is reduced by one percentage point for each \$2,000 (or fraction thereof) of adjusted gross income above \$10,000. The employment related expenses on which the credit is based is increased from \$2,000 to \$2,400 for the care of one qualifying individual and from \$4,000 to \$4,800 if more than one qualifying individual is involved. Public comments must be received by 11/7/83. For further information contact Nerman Hubbard at 202/566-3297.

Substantiation of meal expenses while traveling is the subject of final regulations issued by the Internal Revenue Service (see the 9/7/83 Fed. Reg. pp. 40370-71). These final IRS regulations were initially proposed as amendments to the Income Tax Regulations (26 CFR Part 1) under section 274(d) of the Internal Revenue Code of 1954. Adoption of these final regulations by IRS gives the Commissioner the authority to establish a method under which a taxpayer may elect to use a specified amount or amounts for meals while traveling in lieu of substantiating the actual cost of meals. The taxpayer, according to IRS, is not relieved of substantiating the actual cost of other travel expenses as well as time, place, and business purpose of the travel. For further information contact David R. Haglund at 202/566-3459.

For additional information please contact Jim Kovakas, Gina Rosasco, Nick Nichols or Kathee Baker at 202/872-8190.

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